



1700 PNC PLAZA
500 WEST JEFFERSON STREET
LOUISVILLE, KENTUCKY 40202-2874
(502) 582-1601
FAX (502) 581-9564
www.ogdenlaw.com

KENDRICK R. RIGGS

DIRECT DIAL (502) 560-4222
DIRECT FAX (502) 627-8722

kriggs@ogdenlaw.com

December 16, 2003

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DEC 16 2003

PUBLIC UTILITY
COMMISSION

Thomas M. Dorman
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

RE: An Investigation Pursuant to KRS 278.260 of the Earnings Sharing Mechanism
Tariff of Kentucky Utilities Company
Case No. 2003-00334 ✓

An Investigation Pursuant to KRS 278.260 of the Earnings Sharing Mechanism
Tariff of Louisville Gas and Electric Company
Case No. 2003-00335

Dear Mr. Dorman:

Enclosed please find and accept for filing two originals and five (5) copies each of Louisville Gas and Electric Company's and Kentucky Utilities Company's Initial Requests for Information to Kentucky Industrial Utility Customers, Inc. in the above-referenced matters. Please confirm your receipt of this filing by placing the stamp of your Office with the date received on the enclosed additional copy of this letter and return it to me in the self-addressed stamped envelope.

Should you have any questions or need any additional information, please contact me at your convenience.

Yours very truly,

Kendrick R. Riggs

KRR/ec

Enclosures

cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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DEC 16 2003

In the Matter of:

PUBLIC SERVICE
COMMISSION

AN INVESTIGATION PURSUANT TO KRS)	
278.260 OF THE EARNINGS SHARING)	CASE NO.
MECHANISM TARIFF OF KENTUCKY)	2003-00334
UTILITIES COMPANY)	

AND

AN INVESTIGATION PURSUANT TO KRS)	
278.260 OF THE EARNINGS SHARING)	CASE NO.
MECHANISM TARIFF OF LOUISVILLE GAS)	2003-00335
AND ELECTRIC COMPANY)	

**LOUISVILLE GAS AND ELECTRIC COMPANY'S
AND KENTUCKY UTILITIES COMPANY'S
INITIAL REQUESTS FOR INFORMATION
TO KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.**

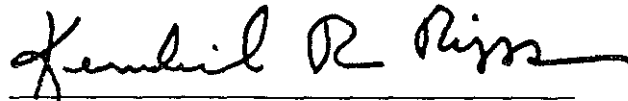
Louisville Gas and Electric Company ("LG&E") and Kentucky Utilities Company ("KU") submit their initial set of requests for information to Kentucky Industrial Utility Customers, Inc. ("KIUC"). As used herein, "Documents" include all correspondence, memoranda, notes, maps, drawings, surveys or other written recorded materials, whether external or internal, of every kind or description, in the possession of or accessible to KIUC, its witnesses or its counsel.

- 1) If the Earning Sharing Mechanism ("ESMs") are continued, explain why it would not be appropriate for the Commission to modify the ESM to include an upper and lower threshold for earnings and/or return on equity?
- 2) According to Mr. Kollen, why is incentive compensation not included as a recoverable expense under the ESMs?

- 3) Did LG&E ratepayers benefit from a combination of a base rate decrease and annual ESM rate decrease for calendar year 2000?
- 4) If base rate changes are not annualized as if they were in effect the entire year for ESM purposes, would the earnings available for sharing include the impacts already reflected in the base rate change?
- 5) If base rate changes are not annualized, would the impacts of the base rates and ESM rates overlap?
- 6) Does the annualization of base rate changes as if they were in effect the entire year provide equitable earnings available for sharing in the ESM?

Dated: December 16, 2003

Respectfully submitted,



Kendrick R. Riggs
Allyson K. Sturgeon
OGDEN NEWELL & WELCH PLLC
1700 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202
Telephone: (502) 582-1601

Linda S. Portasik
Senior Corporate Attorney
220 West Main Street
P.O. Box 32010
Louisville, Kentucky 40232
Telephone: (502) 627-2557

COUNSEL FOR LOUISVILLE GAS AND
ELECTRIC COMPANY AND KENTUCKY
UTILITIES COMPANY

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Initial Requests for Information was served on the following parties of record this 16th day of December 2003, by mailing a copy thereof, postage prepaid, through the U.S. Mail to:

Michael L. Kurtz
Boehm Kurtz & Lowry
36 East Seventh Street
Suite 2110
Cincinnati, Ohio 45202

Elizabeth E. Blackford
Assistant Attorney General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204

Michael A. Laros
Managing Director/Co-President
Barrington-Wellesley Group, Inc.
2479 Lanam Ridge Road
Nashville, Indiana 47448

John Rogness, Manager
Division of Financial Analysis
Management Audit Branch
Kentucky Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602-0615

David J. Barberie
Corporate Counsel
Lexington-Fayette Urban
County Government
Department of Law
200 East Main Street
Lexington, Kentucky 40507



Counsel for Louisville Gas and Electric Company
and Kentucky Utilities Company